

SJR

34

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSJR 34(WTR)  
 (S) Publish Date: 4/27/2004

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
 Title Message of Goodwill to Taiwain Presic BRU \_\_\_\_\_  
 Sponsor Senate WTR Component \_\_\_\_\_  
 Requester Senate WTR Committee Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*

Prepared by: Richard F. Schmitz Phone 465 4921  
 Division: Senate Special Committee World Trade/State Federal Relations Date/Time 4/27/04 8:04 AM  
 Approved by: \_\_\_\_\_ Date 4/27/2004  
 Agency: \_\_\_\_\_

SENATOR  
JOHN J. COWDERY  
Anchorage

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Chair: Rules  
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State/Federal Relations  
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Senator\_John\_Cowdery@legis.state.ak.us

## **SPONSOR STATEMENT FOR SJR 34**

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*"A Resolution sending a message of goodwill to President Chen Shui-bian, and reaffirming the Alaska State Legislature's 2003 resolution urging the United States Congress to support the granting of Official Observer status to the Republic of China and to support negotiation of a free trade agreement ... ."*

The Republic of China (Taiwan) is an important trading partner of the State of Alaska. The President of Taiwan, Chen Shui-bian visited Alaska last November to reinforce the relationship between the state and his nation.

This resolution reaffirms the Alaska State Legislature's action in Legislative Resolve 29, which encouraged the United States Congress to endorse a request by the Republic of China (Taiwan) to be granted Observer Status at the World Health Organization. Legislative Resolve 29 also encouraged the United States Congress to negotiate a free trade agreement with Taiwan.

SJR 34 reaffirms, Legislative Resolve 29 and sends a message of goodwill to the President of Taiwan Chen Shui-bian for his reelection.

## TAIWAN'S PRESIDENT VISITS ALASKA

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President Chen Shui-bian of the Republic of China, and his delegation, will visit Alaska on November 4th and 5th. Alaska will be the last stop of his 7-day trip. During Chen fourth trip overseas, he will first stop in New York City to receive a Human Rights Award and then continue on to Panama to celebrate the country's anniversary.

Upon his return, Chen will stop in Alaska on the invitation of Gov. Frank Murkowski. While in Anchorage, the president will tour some of Alaska's majestic sights and work on strengthening economic ties.

Alaska and Taiwan have an especially good relationship. Since 1989, the state has had trade representation in Taiwan. The two regions are natural trade partners given that Taiwan lacks the abundant natural resources present in Alaska. In 2002, Alaska exported \$22 million dollars worth of products to Taiwan, primarily seafood and forest products.

Chen's first stop will be New York City where the International League for Human Rights (ILHR) will honor him. The ILHR Chairman, Scott Horton, will present the prestigious Human Rights Award to Chen for his extraordinary contributions in promoting Taiwan's human-rights development. Past award recipients have included the Dalai Lama and the former South African President, Nelson Mandela.

The president will then travel to Panama to execute some free-trade agreement between the two countries and to join the country's anniversary celebration.

Chen will fly into Anchorage at 6pm Tuesday and meet with the local Taiwanese-American community that evening. The next day, Gov. Murkowski will host a luncheon in the president's honor at the Alyeska Resort in Girdwood, Alaska.

Chen had hoped to make this trip in May, but delayed the trip due to worldwide fear of SARS and to handle Taiwan's domestic infections.

Last Update: November 1, 2003

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Taken Questions  
Office of the Spokesman  
Washington, DC  
May 10, 2002  
Taken Questions from May 10, 2002 Daily Press Briefing

### **Taiwan: Observer Status at the World Health Organization**

Question: What is the U.S. position on Taiwan observership in the World Health Organization (WHO)?

Answer: We support the goal of Taiwan's participation in the work of the World Health Organization (WHO), including observership, and have long worked closely with Taiwan authorities to advance that objective.

We have urged the WHO and its members to find appropriate ways for Taiwan to participate, including observership. We will continue to do so.

Question: Has the State Department responded to a recent letter from Congress on this issue

Answer: We have received letters from a number of senators and congressmen and are in the process of replying.

[End]



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For Immediate Release  
Office of the Press Secretary  
March 26, 2004

## Statement on Taiwan Elections

Statement by the Press Secretary  
Announcement of Election Results on Taiwan

We join the American people in congratulating the people of Taiwan on the successful conclusion of their March 20 presidential election. Taiwan's Central Election Commission on March 26 officially proclaimed that Mr. Chen Shui-bian has won reelection, and we congratulate Mr. Chen on his victory.

We recognize that there are pending legal challenges to the results of the March 20 election. We applaud the people of Taiwan for embracing established legal mechanisms and rejecting extra-legal options to resolve their differences. We reject calls for violence, which threaten the very democratic principles to which we and the people of Taiwan are committed.

The maintenance of peace and stability in the Taiwan Strait and the welfare of the people of Taiwan remain of profound importance to the United States. To advance these goals, the United States will fulfill its obligations under the Taiwan Relations Act. It falls to Taiwan and Beijing to build the essential foundations for peace and stability by pursuing dialogue through all available means and refraining from unilateral steps that would alter Taiwan's status.

We will continue to maintain close unofficial ties with the people on Taiwan through the American Institute in Taiwan in accordance with our one China policy, as embodied in the Taiwan Relations Act and our three Joint Communiqués with the People's Republic of China.

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**Governor Murkowski** 

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### Taiwan Power, Steel Consider AK Coal

[listen](#)  Taiwan Delegation Mission, 65.5k mp3 [More Audio](#)

FOR IMMEDIATE RELEASE: March 11, 2004 No.04-039

Taiwan Power, Steel Industries Consider Alaska Coal Governor's Efforts Pay Off in Trade Delegation of Technical Experts

(Anchorage) – Governor Frank H. Murkowski's efforts to improve trade opportunities with Pacific Rim nations paid off this week, as a delegation from Taiwan's power and steel industries visited to examine technical issues surrounding the potential development of Southcentral Alaska's vast coal reserves.

Representatives from TaiPower and China Steel, Taiwan's government-owned electrical generating and steel-making companies, arrived in Anchorage Saturday for four days of meetings with private business officials and state development agencies to explore prospects for exporting coal from the Beluga Point deposits west of Anchorage.

"I am very encouraged to see that our efforts at fostering closer personal, business and economic ties with our friends in Taiwan continue to open up new opportunities for Alaskans and Alaska's resources," Murkowski said. "The value of our exports increased by 9 percent last year, most of it to Asian markets. Trade visits like this are essential if we are to continue using our natural resources to generate the jobs, revenue and economic stability our state needs."

The Taiwan delegation includes TaiPower vice president Kuei-Ming Chen and China Steel purchasing manager Chine-Jine Hsiao. They and their colleagues, most of them technical and resource experts, met with the governor, the Office of International Trade, the Department of Natural Resources, and the Alaska Industrial Development and Export Authority.

They also met with representatives of Arctic Slope Regional Corporation, the Alaska Natural Gas Development Authority, Resource Development Council of Alaska, the Alaska Miners Association, and with representatives of Usibelli Coal Mine and Placer Dome. They also met with representatives of two private businesses, PacRim Coal, and KFx Inc., both interested in developing the Beluga coal for Asian markets.

Bob Stiles, development manager for PacRim Coal, a Texas-based company that has invested \$40 million on engineering, environmental and permitting work to market Alaska coal to Asian markets, credited Murkowski's personal diplomacy for attracting Taiwan's interest in Alaska's coal.

The governor advocated Alaska's energy and resources industries in Taiwan, Japan, Korea and Hong Kong during a trade mission last October. A month later, Murkowski welcomed Taiwan President Chen Shui-bian and Taiwan businessmen to Alaska.

"We've been working on the Taiwan market for 20-plus years, but as a result of Governor Murkowski's relationship with the president of Taiwan, we got these companies to take another look at Alaska coal as a potential fuel supply," said Stiles. "There's a very positive long-term potential for Alaska coal in the Taiwan market."

The Usibelli mine in Healy has sold coal to South Korea for decades, and the Beluga field



Photo archive: Ad opening of a two-day Syndrome Summit Frank Murkowski and Nancy Murkowski address distress at the level especially among and pledged their medical and behavioral professionals work FAS, the only prevent The two shared the Casto, state manager and Early Intervention Department of Health Services. Enlarge :

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represents another export opportunity, said Stiles, whose company controls rights to more than 700 million metric tons in the Beluga Point deposits west of Anchorage. Other coal reserves in the area are controlled by a joint venture company involving Placer Dome, the Vancouver B.C.-based mining company developing the Donlin Creek mine, and CIRI Inc., an Alaska Native regional corporation. While Alaska's sub-bituminous coal is ultra-low sulfur – less than two-tenths of one percent – most Asian coal buyers prefer coal with less than the 25 percent moisture content of the Beluga coal, Stiles said.

Technological advances over the past 15 years now make it possible to economically process the low-quality Beluga coals into a premium energy fuel. This could be the key to finally developing the vast coal fields near Anchorage, which have laid dormant for 30 years. Rick Van Zyl, proposals director for KFx, who previously worked on coal technology projects in South Africa, noted that Beluga coals processed to Taiwan's specifications could open up a new area of trade for Alaska.

"We hope we can give Taiwan coal users what they want at a competitive price, unlocking the potential here in Alaska and improving the energy security of Taiwan," Van Zyl said.

Margy Johnson, director of the state's Office of International Trade, said that such challenges can be overcome but only after establishing positive business and political relationships.

"Japan, South Korea and Taiwan are natural customers for Alaska's resources, and their markets represent growing export opportunities," Johnson said. "Seeing this kind of on-the-ground expression of interest from the largest government corporations in Taiwan is a strong indication that we are continuing to make progress in marketing our resources to the Pacific Rim."

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For more information, contact Office of International Trade Director Margy Johnson at 269-8110.

- Taiwan Delegation Mission (65.5k mp3) - Margy Johnson, director of the governor's office of international trade, characterizes the Taiwan delegation visit as a preliminary, but important, step in developing markets for Alaska's Beluga coal. :16 "...and sellers together."
- Alaska's Coal Resources (59.7k mp3) - Stan Foo, the Department of Natural Resources' mining section chief, says Alaska has plenty of coal to entice new customers. :13 "...some additional resources."
- China Steel Would Consider AK Coal (197.3k mp3) - Chine-Jine Hsiao, purchasing manager for Taiwan's government-owned steelmaking industry, says that his company would be happy to buy Alaska's coal, if it can be brought up to his industry's standards for use in steel-making, as supplies of coking coal are tightening becoming less abundantly available to Taiwan. : 49 "...to buy this."
- Taiwan Power Seeks Broader Coal Supplies (202.6k mp3) - Kuei-Ming Chen, vice president of Taiwan's government-owned power generating company, says Alaska coal is well-positioned for sale to Taiwan, once technical means are identified to process the coal for Asian market specifications. :52 "...marketplace in Asia

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## Taiwan utility reps scout Alaska coal

*By the Journal of Commerce*

Publication Date: 03/22/04

Taiwanese utility and steel company officials were in Alaska March 6 through March 12 talking with owners of coal deposits in the state.

Coal prices in Pacific Rim markets are increasing, and importers in manufacturing nations like Taiwan are looking for alternative supplies.

Kuei-Ming Chen, vice president of Taipower, Taiwan's government-owned power utility, said his company imports 24 million tons of coal yearly and would like to buy Alaska coal if the price terms are right.

Taipower is now the largest single coal purchaser in Asia, he said.

Chine-Jine Hsiao, purchasing manager for China Steel, said his company buys eight million tons of coal yearly. He is particularly interested in Alaska as a source of coking coal, which is used in steel-making.

The delegation was hosted by state of Alaska officials, who handled introductions to Alaska firms. Margy Johnson, head of the state Office of International Trade, coordinated the visit by the delegation.

Bob Stiles, president of PacCom Coal, a company formed to market coal from Alaska to Asia, credited Gov. Frank Murkowski's personal diplomacy with Taiwanese government leaders in getting the utility and steel officials to Alaska.

"We've been working on the Taiwan market for 20 years, and as a result of the governor's relationships there we got these companies to take another look at Alaska as a potential fuel supply source," Stiles said.

Stiles' company holds rights to 700 million metric tons of coal deposits in the Beluga coal fields west of Anchorage. The Taiwan companies also met with Usibelli Coal Mine, Inc., owners of the state's only producing coal mine at Healy, Placer Dome Inc., which also owns coal in the Beluga fields, and Arctic Slope Regional Corp., which owns large coal deposits on the western North Slope.

Click here to return to story:

[http://www.alaskajournal.com/stories/032204/loc\\_20040322002.shtml](http://www.alaskajournal.com/stories/032204/loc_20040322002.shtml)

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Department of Community and Economic Development

**Alaska Trade and Development**

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Alaska Time **Mon Apr 26 13:01:18** Taipei, Taiwan **Tue Apr 27 05:01:18**

# Taiwan

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## Taiwan Introduction



The Taiwan market for Alaskan commodities and products is important---it helps to diversify Alaska's international exports, which traditionally have gone to two markets, Japan and Korea.

Annual Alaska exports to Taiwan are primarily seafood for both human consumption and for animal feed and forest products. Fertilizer is a major export to Taiwan in some years.

Export \$\$ Million	1998	1999	2000	2001	2002
All Commodities	\$70	\$67	\$47	\$31	\$22*
Fertilizer	\$11	\$8	---	\$12	\$2
Forest Products	\$14	\$11	\$13	\$4	\$2
Seafood	\$2	\$5	\$7	\$4	\$6
Animal Feed	\$3	\$6	\$10	\$8	\$8
Oil Products	\$34	\$32	\$10	\$0	\$0
Other	\$6	\$5	\$7	\$3	\$4

\*Partial year reported, January - November 2002.

Taiwan's needs for natural resources makes it a natural trading partner for Alaska. Taiwan purchases seafood, animal feed, forest products and, in some years, significant amounts of fertilizer. The volume of Alaska's exports to Taiwan has declined in response to recent downside in Taiwan's economy.

Taiwan is in a period of transition. Years of rapid economic development ended when the GDP dropped for the first time by 1.9 percent. The GDP for 2003 is expected to swing back to a positive 3.4 percent. Along with Hong Kong, Taiwan is finding that more and more international companies deal directly with Chinese markets and partners, rather than through experienced intermediaries in Taiwan. In addition, major Taiwan companies have moved manufacturing facilities to China. Both these conditions create higher unemployment in Taiwan.

Taiwan seeks to improve its economic conditions by increasing the focus on the technical competencies of its workforce and instituting banking reforms and job creation programs.

Although Taiwan is encountering economic challenges, the 22 million

residents of Taiwan continue to enjoy one of the highest per capita incomes in Asia, US\$12,000. That is encouraging for Alaska's continued exports.

Alaska first established trade representation in Taiwan in 1989 and is one of about two dozen U.S. states active in trade promotion in this market. Alaska's current contract trade representative, Ida Pei-Hua Yao began representing the state in 1996.



Alaska Time Mon Apr 26 13:01:37 Taipei, Taiwan Tue Apr 27 05:01:37

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## Alaska Seafood Exports to Taiwan

Export \$\$ Million	1998	1999	2000	2001	2002*
Seafood	\$2	\$5	\$7	\$4	\$6
Animal Feed	\$3	\$6	\$10	\$8	\$8

\*Partial year reported, January - November 2002.

The possibilities for export of Alaskan seafood products to Taiwan are increasing. One advantage of Alaska seafood is the growing awareness by Taiwanese consumers of environmental issues, including the healthiness of the foods they eat. Fish oil accounted for over one million dollars of the seafood export to Taiwan in 2002.

The exports of seafood waste/animal feed mean that more of the fish is now being used. Historically, Alaska's seafood exports were only the parts of the fish for human consumption. Now, markets like Taiwan are developing to turn the seafood waste from primary processing operations into animal feed.

Alaska's general international image of "pure and clean," the ability of Alaska farmers to grow crops without pesticide, and the taste and quality of Alaska vegetables combine to create niche opportunities for Alaska's excellent produce in Taiwan's "healthy food" markets. The Division of International Trade & Market Development has worked with the State of Alaska Division of Agriculture and the University of Alaska Fairbanks to promote Alaska potatoes, carrots, and cabbage in Taiwan.

[USDA Foreign Agricultural Service Market Reports for Taiwan](#)

[USDA Foreign Agricultural Service Fisheries Export Guide](#)